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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/775,751	02/09/2004	Owen H. Brown	BRWN 20.199A(021180-00055	8687
26304 7590 06/23/2008 KATTEN MUCHIN ROSENMAN LLP 575 MADISON AVENUE NEW YORK, NY 10022-2585			EXAMINER EBERSMAN, BRUCE I	
			ART UNIT 3691	PAPER NUMBER
			MAIL DATE 06/23/2008	DELIVERY MODE PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/775,751	<b>Applicant(s)</b> BROWN ET AL.	
	<b>Examiner</b> BRUCE I. EBERSMAN	<b>Art Unit</b> 3691	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 2/29/04.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-16 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-16 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)            | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>12/19/07</u> .  | 6) <input type="checkbox"/> Other: _____                          |

### **DETAILED ACTION**

The following is a non-final first office action on the merits. Review of the Claims Necessitated the objections and rejections below.

#### ***Claim Objections***

1. Claim1 objected to because of the following informalities: Claim 1, line 9 is phrased as follows; "determining whether the second sales amount exceeds than the escrow amount;". Appropriate correction is required.

#### ***Claim Rejections - 35 USC § 112***

2. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 1-16 rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.

The claims 1,5,15,16 use 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and plurality of amounts and accounts.

However, from reading the specification, while the 1<sup>st</sup> and second sales amounts can be determined, there is no recitation in the specification regarding additional amounts or

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accounts, let alone third and fourth amounts. From the specification, the Examiner cannot locate any explanation of when or how the claimed third and fourth transactions occur.

In claims 1, 15 The determination of whether the second sales amount exceeds escrow and when the second sales amount exceeds the escrow, crediting an escrow account with an escrow amount, and crediting a merchant account with an amount equal to the difference between the 2<sup>nd</sup> sales amount and the escrow. These steps simply are not addressed in the specification. The specification describes netting credit/debit and non-credit transactions and then applying a taxable rate in order to determine an escrow amount and applying the excrow amount to an escrow account. Nowhere in the specification is there any description of analyzing or comparing the amount in the escrow account to any other amounts or accounts.

For claim 5, the limitations of;

Determining a second sales amount associated with one or more taxable credit/debit card transactions of the merchant during the closeout period;

Determining whether a 3<sup>rd</sup> sales amount exceeds the escrow,

Crediting an escrow account with the escrow amount, and

Crediting a merchant account with an amount equal to the difference between the 3<sup>rd</sup> sales amount and the escrow.

The specification fails to describe any of these limitations. As explained above, the specification fails to provide any description of analyzing or comparing the amount in the escrow account to any other amounts or accounts let alone any comparison of the escrow account with a third amount.

Claim 16, is similar to 15 but, uses a plurality of escrow accounts. For the same reasons as claim 5, the specification fails to enable the limitations of the claim.

1. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

2. Claims 1-16 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

3. As described by the Examiner above, limitations directed to comparing the escrow amount to other amounts, whether second, third, or fourth, or combinations thereof is not explained in the specification. It is unclear how this occurs or what the escrow amount is being compared to ? For purposes of applying prior art, the Examiner will interpret the claims to be directed to a system where the credit card receipts are used to fund escrow in the amount due to taxing entities and the remainder of the credit card receipts are returned to the merchant after the escrow is funded. The number of accounts and number of amounts are required in order to accomplish the tasks.

***Claim Rejections - 35 USC § 101***

3. 35 U.S.C. 101 reads as follows:

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Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-16 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Claims 1-16 recite a process comprising the steps of determining sales amounts, determining escrow amounts, crediting escrow accounts and crediting merchant accounts after paying taxes from an escrow account. Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

### ***Claim Rejections - 35 USC § 103***

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and

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the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-16 rejected under 35 U.S.C. 103(a) as being obvious over US Patent 5644724 to Cretzler in view of US Patent 6993502 to Gryglewicz in view of US Patent 6889200 to Agee.

As per claims 1, 15 Cretzler discloses;

determining a first sales amount associated with one or more non-credit/debit card transactions of the merchant during the closeout period; (Col. 4, lines 25-40)

determining a second sales amount associated with one or more credit/debit card transactions of the merchant during the closeout period; (col. 4, lines 40-45)

Cretzler does not explicitly disclose;

crediting a merchant account with an amount equal to the difference between the second sales amount and the escrow amount.

determining an escrow amount based on the first sales amount;

crediting an escrow account with the escrow amount, and

Gryglewicz teaches;

determining an escrow amount based on the first sales amount; (Col. 8, lines 45-55)

crediting an escrow account with the escrow amount, and (col. 8, lines 45-55)

It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the tax payment system of Cretzler with the escrow teachings of Gryglewicz for the motivation of facilitating the automated payment of taxes to a variety of taxing authorities. (col. 1, lines 55-65)

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Cretzler and Gryglewicz do not explicitly teach;

determining whether the first and second sales amount exceeds the escrow amount;

and when the second sales amount exceeds the escrow amount,

crediting a merchant account with an amount equal to the difference between the

second sales amount and the escrow amount.

Cretzler (Col. 5, lines 55-col. 6, line 5), discloses paying taxes on both credit and cash based receipts.

Agee teaches central finance facility Col. 8, lines 55-65 which is funded via credit card receipts and further forwards taxes collected through credit/and or all transactions to taxing authorities. If the balance of the credit account was not sufficient to pay both the credit and cash based sales taxes amount, then, the payment would thus not be made in this manner and would come from a merchant account. (ie second account exceeds escrow amount is a verification that the credit card receipts can pay the tax escrow)

Therefore it would have been obvious to one of ordinary skill at the time of the invention to combine the credit and cash tax payment disclosure of Cretzler with the escrow and escrow teachings Hanna with the teachings of Agee whereby credit receipts are used to pay taxes due for both credit and non-credit transactions for the motivation of tax collection from merchants using automated systems (col. 2, lines 45-50)



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As per claim 2, Cretzler discloses cash transactions.

wherein the one or more non-credit/debit card transactions are cash transactions. (col. 4, lines 15-25)

As per claim 3, Cretzler discloses credit transactions and checks . (col. 4, line 15-25)

As per claim4, Cretzler does not explicitly disclose determining a payable an amount to be paid from the escrow account; and debiting the payable amount from the escrow account.

Gryglewicz teaches;

determining a payable an amount to be paid from the escrow account; and debiting the payable amount from the escrow account. (col. 8, lines 40—60)

It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the payment system disclosure of Cretzler with the Escrow teachings of Gryglewicz for the motivation of facilitating automated tax collection to a variety of tax authorities. (col. 1, lines 55-65)

As per claims 5,16 Cretzler discloses;

determining a first sales amount associated with one or more taxable non-credit/debit card transactions of the merchant during the closeout period; (col. 4, lines 25-40)

determining a second sales amount associated with one or more taxable credit/debit card transactions of the merchant during the closeout period; (col. 4, lines 40-45)

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determining whether a third sales amount exceeds the escrow amount; and when the third sales amount exceeds the escrow amount, (col. 4, 25-40, appropriate taxes disclosed, therefore non-taxable items accounted for, see 112 1<sup>st</sup> rejection, ie. Examiner presumes the 3<sup>rd</sup> amount is used to accomplish task of determining the remaining credit receipts to return to the merchant after escrow is filled with taxable amounts)

Cretzler does not explicitly disclose;

determining an escrow amount based on the sum of the first and second sales amounts;

crediting an escrow account with the escrow amount, and

crediting a merchant account with an amount equal to the difference between the third sales amount and the escrow amount.

Gryglewicz teaches;

crediting an escrow account with the escrow amount, (col. 8, lines 40-60)

It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the tax payment system disclosure of Cretzler with the escrow teachings of Gryglewicz for the motivation of facilitating the automated tax collection to a variety of taxing authorities. (col. 1, lines 55-65)

Cretzler and Gryglewicz do not explicitly disclose;

crediting a merchant account with an amount equal to the difference between the third sales amount and the escrow amount.

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determining an escrow amount based on the sum of the first and second sales amounts;

Agee teaches; a central finance facility (col. 8, lines 55-65) which is funded via credit card receipts and further forwards taxes collected through credit and/or all transactions to taxing authorities. If the balance was not sufficient to pay the credit and cash based sales, then the payment would thus not be made in this manner.

Therefore the steps of verifying the difference in sales to make sure that the credit receipts are sufficient to pay the cash and credit based taxes due would be verified part of the operation of Agee.

Therefore it would have been obvious to one of ordinary skill at the time of the invention to combine the credit and cash tax payment disclosure of Cretzler with the escrow and escrow teachings Hanna with the teachings of Agee whereby credit receipts are used to pay taxes due for both credit and non-credit transactions for the motivation of tax collection from merchants using automated systems (col. 2, lines 45-50)

Claim 16 differs from claim 5 in that it uses a plurality of escrow accounts. As such, the combination of Cretzler, Gryglewicz and Agee would anticipate claim 16, as, a plurality of accounts could be two or 3 as disclosed in claim 1, or 5. Likewise, this claim is rejected under 35 USC 112 1<sup>st</sup> as, it is not entirely clear as to how this claim is enabled.

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As per claim 6, when the second and third amount are equal, the total credit sales are taxable. The rejection rationale would be the same as, claim 1.

As per claim 7, when the third sales amount is the equal to the sum of the second sales amount and a fourth sales amount associated with one or more non-taxable credit/debit card transactions of the merchant associated with the closeout period, the same methodology of claim 5 would be applicable, as anticipated by Cretzler, Gryglewicz and Agee.

As per claim 8, Cretzler does not explicitly disclose the user of a tax escrow account. Gryglewicz teaches; determining a payable amount to be paid from the escrow account; and debiting the payable amount from the escrow account. (col. 8, lines 40-60). It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the disclosures of Cretzler and the escrow account teachings of Gryglewicz for the motivation of improved tax collection from merchants using automated systems. (col. 2, lines 45-50)

As per claim 9, Cretzler discloses a variety of taxing authorities in the context of merchandise taxes which could be local, state or federal tax type collections (col. 5, lines 50-60).

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As per claim 10, Cretzler discloses taxing authority in the context of use taxes. Use of a predetermined percentage of one or more of the first sales accounts would be applicable if all items were taxable at the same rate. As such, Cretzler discloses applicability for restaurants which will often tax at a fixed rate for all purchases. (col. 5, lines 40-65).

As per claim 11, Cretzler discloses a variety of taxing situations including grocery stores, gas stations, which might require special predetermined percentages of tax depending on which the tax codes. (col. 5, lines 35-65)

As per claim 12, Cretzler discloses merchant tax rates. (col. 5, lines 35-65)

As per claims 13, 14 Cretzler and Gryglewicz do not explicitly disclose an increased over the merchant rate to facilitate the payment of back taxes or other debts. Agee teaches predetermined rules which can be altered to collect back taxes to one or more entities or to collect taxes for a variety of entities. (col. 5 lines 50-60)

It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the tax payment disclosures of Cretzler with the motivation of flexibility in accommodating a variety of taxing authority requirements in a system of tax withholding and payment (col. 3, 1-10) 3

***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to BRUCE I. EBERSMAN whose telephone number is (571)270-3442. The examiner can normally be reached on 630am-5pm, Monday-Thursday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on (571) 272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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